

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

REPORT

CD NO.

COUNTRY Austria

SUBJECT The XXII Plant AEG Union, Vienna

DATE 24 March 1954

NO. OF PAGES 4 25X1

PLACE
ACQUIRED

DATE OF
INFO.

NO. OF ENCLS.
 (LISTED BELOW)

UNCC

SUPPLEMENT TO
REPORT NO.

25X1

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794, OF THE U. S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE REPRODUCTION OF THIS PAGE IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

1. The USIA firm AEG Union, Vienna XXII (Stadlau) is located at 1 Dr. Otto Neugebauer Gasse, between the eastern and northern branches of the Ostbahn, just east of Ebnitzkogelstrasse. This is the only plant of AEG Union; another small motor assembly plant which stood on the Strasse der Roten Armee has been completely dismantled and the property leased to the SMV. The Stadlau plant has 596 workers and 167 employees.
2. Capital Value and Soviet Investment. On the USIA books, AEG Union is listed as having a net worth of 10,000,000 Austrian schillings, but this is only a fraction of its total value. It is estimated that the plant is now worth less than half what it was worth in 1945 because much of its equipment was shipped to the USSR during the period of Soviet dismantling. The total property occupied by AEG Union was 16,000 square meters at the time it was taken over; it is now about 15,000 square meters. The estimated values of other important elements of the plant capital are as follows:

Cranes and railroad installations	3,000,000 Austrian Schillings
Machinery	10,000,000 " "
Transport (trucks, cars)	200,000 " "
Garage	200,000 " "
Housing for workers	2,000,000 " "

3. From 1945 until 1953, there was practically no capital investment in AEG Union. During this period, no more than a few hundred thousand schillings could have been spent on maintaining the plant. Starting in 1953, however, sizable investments in new machinery and repairs were made. During the latter half of 1953 and 1954, 650,000 schillings were invested in repairs and 6,600,000 schillings were spent on the purchase of new machinery for AEG. Most of this new machinery, of which the most important item was a 70-ton

25X1

CLASSIFICATION **SECRET**

STATE	NAVY	NSRB	DISTRIBUTION
ARMY	AIR	FBI	

SECRET

Page 2

25X1

multi-purpose drill and lathe combination (Bohrwerk).

25X1

25X1

4. Plans for 1955 call for an investment of 950,000 schillings in repair work and an outlay of 5,340,000 schillings for new machinery for AEG Union.
5. Deliveries of AEG Production. Until 1952, about 98 percent of the production of AEG Union went to the USSR. The percentage of output from AEG destined for the USSR has since declined; in 1954 only about half of the production was for the Soviet Union. Sales to the Soviet satellite nations are not an important part of AEG Union's trade.
6. The total production of AEG Union in 1953 was about 50,000,000 plan schillings.² Most of this, in which the main items were transformers rated at 31,500 and 20,000 kilo-volt-amperes, went to the Soviet Union.
7. The total production of AEG Union for 1954 was 42,500,000 plan schillings. Of this, 20,000,000 schillings went to the USSR; the most important items were two hydro-generators rated at 25,000 kva. Another 20,000,000 plan schillings of production was sold in Austria; it consisted mostly of motors (sizes up to 2,000 kw), generators (sizes up to 600 kva), and transformers. Of the Austrian sales, 12,000,000 plan schillings was to non-USIA firms; only 8,000,000 was to USIA firms.³
8. Only about 2,500,000 plan schillings of the 1954 production went directly to the Satellites. A number of exciters and large motors were sold to the Polish trading firm Elektrim through Polcommerce Warenhandels-GmbH, Wollzeile 24, Vienna I. In addition, about 400,000 schillings worth of motors were sent to Hungary. Of the production sold to USIA, about 4,500,000 plan schillings worth of it was 2,000 kw motors, which were processed by the Voith Werke, St. Poelten, for export to Rumania.⁴
9. The breakdown of AEG Union production for 1954 according to items produced is as follows:

<u>Item</u>	<u>Approximate Value in Plan Schillings</u>
Electric motors	16,000,000 to 18,000,000
Generators	15,000,000
Transformers	6,000,000
Relays and switches	2,000,000
Miscellaneous small items	1,000,000 to 2,000,000

10. Supplies to AEG. Normally, all raw materials and semi-products needed by AEG Union are procured in Austria. During the Austrian Danube river flood of 1954, when the USIA plant Schmidhuetten Krems was unable to deliver, AEG Union received about 180 tons of steel plate from the Soviet Union.

25X1

SECRET

25X1

25X1

er

14. Special Orders for 1955. Orders for AEG Union deliveries are by no means complete, but the following are known:

- a. Two hydro-generators for the USSR, rated at 13,500 kvas and 150 rpm;⁶
- b. Two experimental drilling units for the SMV; these units are to contain two motors, two transformers and a number of switches and automatic controls; they are designed to supply power to drilling rigs and to regulate that power according to the resistance met by the drill.

If the experimental drilling units, which are to be set up in February, are acceptable to the SMV, it is anticipated that AEG Union will receive an order for about 11,000,000 schillings worth of them.

1. Comment. The real worth of the plant probably lies between 30,000,000 and 35,000,000 schillings. 25X1

2. Comment. The "plan schilling" is used for all production estimates in USIA. The sale prices of actual production run from 10 to 15 percent higher than the plan schilling prices. 25X1

3. Comment. Important USIA customers of AEG Union are: J. M. Voith, St. Poelten; Waagner-Biro A.G., Vienna XXII; Rax-Werke, Wiener Neustadt; Wiener Brueckenbau A.G., Vienna X; Vereinigte Lederfabriken, Vienna XXII. Important non-USIA customers of AEG Union, Vienna XXII, are: AEG Union, Vienna III; Hanzalik K.G., Vienna IX; Gemeinde Wien. 25X1

4. Comment. Possibly the pit-head main engines were for a paper factory. 25X1

5. Comment. It was at this time that good relations were established with the non-USIA part of AEG. A total discount of about 42 percent from previous 25X1

SECRET

[REDACTED] 25X1

[REDACTED] Comment.(cont'd) list price was offered them on production from the Stadlau plant and they purchased a sizable part of the backlogged production. Subsequently, the non-USIA AEG Union purchased regularly from the USIA plant. AEG Union representatives, at one time, approached the Soviet director of the Stadlau plant to prevail upon USIA to sell or lease the plant back to them, but the Soviet director did not mention this suggestion to his superiors.

25X1

6 [REDACTED] Comment. Information concerning AEG Union deliveries and projected deliveries to the Soviet Union [REDACTED]
[REDACTED]

25X1

25X1

25X1

[REDACTED] 25X1

SECRET

~~SECRET~~

REPORT

CD NO.

25X1

DATE DISTR. 24 March 1955

NO. OF PAGES 4

NO. OF ENCLS.
(LISTED BELOW)

25X1

SUPPLEMENT TO
REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, U.S.C. AND 794, OF THE U. S. CODE, AS AMENDED. ITS TRANSMISSION OR DISCLOSURE OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE REPRODUCTION OF THIS PAGE IS PROHIBITED BY LAW.

THIS IS UNEVALUATED INFORMATION

25X1

1. [REDACTED] 0000
[REDACTED] hn,
[REDACTED] on;
[REDACTED] on Armee
[REDACTED] the 25X1
[REDACTED] has 596 [REDACTED] 167 employees.

2. Capital Value and Sovietization of the AEG Union. On the USIA books, AEG Union is listed as having a net worth of 100 million Austrian schillings, but this is only a fraction of its total value. It is estimated that the plant is now worth less than half what it was in 1945 because much of its equipment was shipped to the USSR during the war and lost through Soviet dismantling. The total property occupied by AEG Union is 16,000 square meters at the time it was taken over; it is now 10,000 square meters. The estimated values of other important elements of the plant capital are as follows:

Cranes and railroad installations	3,000,000	AS	"	"	"
Machinery	10,000,000	AS	"	"	"
Transport (trucks, cars)	200,000	AS	"	"	"
Garage	200,000	AS	"	"	"
Housing for workers	2,000,000	AS	"	"	"

3. From 1945 until 1953, there was practically no capital investment in AEG Union. During this period, less than a few hundred thousand schillings could have been spent on the plant. Starting in 1953, however, sizable investments in new machinery and repairs were made. During the latter half of 1953 and 1954, 6,600,000 schillings were invested in repairs and the purchase of new machinery for AEG. Most of this new machinery, the most important item was a 70-ton

25X1

[illegible]

SECRET

25X1

Page 2

25X1

multi-purpose drill and lathe combination (Bohrwerk), was supplied by the Krischer firm of Duesseldorf, West Germany.

4. Plans for 1955 call for an investment of 950,000 schillings in repair work and an outlay of 5,340,000 schillings for new machinery for AEG Union.
5. Deliveries of AEG Production. Until 1952, about 98 percent of the production of AEG Union went to the USSR. The percentage of output from AEG destined for the USSR has since declined; in 1954 only about half of the production was for the Soviet Union. Sales to the Soviet satellite nations are not an important part of AEG Union's trade.
6. The total production of AEG Union in 1953 was about 50,000,000 plan schillings.² Most of this, in which the main items were transformers rated at 31,500 and 20,000 ~~kilo-volt-amperes~~, went to the Soviet Union;
7. The total production of AEG Union for 1954 was 42,500,000 plan schillings. Of this, 20,000,000 schillings went to the USSR; the most important items were two hydro-generators rated at 25,000 kva. Another 20,000,000 plan schillings of production was sold in Austria; it consisted mostly of motors (sizes up to 2,000 kw), generators (sizes up to 600 kva), and transformers. Of the Austrian sales, 12,000,000 plan schillings was to non-USIA firms; only 8,000,000 was to USIA firms.³
8. Only about 2,500,000 plan schillings of the 1954 production went directly to the Satellites. A number of exciters and large ~~motors~~ were sold to the Polish trading firm Elektrim through Polcommerce Wollzeile, 24, Vienna I. In addition, about 400,000 ~~plan schillings~~ were sent to Hungary. Of the production sold to USIA, ~~about 2,000,000~~ plan schillings worth of it was 2,000 kw motors, which were processed by the Voith Werke, St. Poelten, for export to Rumania.⁴
9. The breakdown of AEG Union production for 1954 according to items produced is as follows:

<u>Item</u>	<u>Approximate Value in Plan schillings</u>
Electric motors	16,000,000 to 18,000,000
Generators	15,000,000
Transformers	6,000,000
Relays and switches	2,000,000
Miscellaneous small items	1,000,000 to 2,000,000
10. Supplies to AEG. Normally, all raw materials and semi-products needed by AEG Union are procured in Austria. During the Austrian Danube river flood of 1954, when the USIA plant Schmidhuetten Krems was unable to deliver, AEG Union received about 180 tons of steel plate from the Soviet Union.

25X1

SECRET

25X1

SECRET [REDACTED]

25X1

Page 3
[REDACTED]

25X1

25X1

14. Special Orders for 1955. Orders for AEG Union deliveries are by no means complete, but the following are known:

- a. Two hydro-generators for the USSR, rated at 13,500 kvas and 150 rpm;⁶
- b. Two experimental drilling units for the SMV; these units are to contain two motors, two transformers and a number of switches and automatic controls; they are designed to supply power to drilling rigs and to regulate that power according to the resistance met by the drill.

If the experimental drilling units, which are to be set up in February, are acceptable to the SMV, it is anticipated that AEG Union will receive an order for about 11,000,000 schillings worth of them.

¹ [REDACTED] Comment. The real worth of the plant probably lies between 30,000,000 and 35,000,000 schillings.

25X1

² [REDACTED] Comment. The "plan schilling" is used for all production estimates in USIA. The sale prices of actual production run from 10 to 15 percent higher than the plan schilling prices.

25X1

³ [REDACTED] Comment. Important USIA customers of AEG Union are::J. M. Voith, St. Poelten; Waagner-Biro A.G., Vienna XXII; Rax-Werke, Wiener Neustadt; Wiener Brueckenbau A.G., Vienna X; Vereinigte Lederfabriken, Vienna XXII. Important non-USIA customers of AEG Union, Vienna XXII, are: AEG Union, Vienna III; Hanzalik K.G., Vienna IX; Gemeinde Wien [REDACTED] UNCODED

25X1

[REDACTED] Comment. Possibly the pit-head main engines

[REDACTED] were for a [REDACTED] factory.

25X1

25X1

⁴ [REDACTED] Comment. It was at this time that good relations were established with the non-USIA PART of AEG. A total discount of about 42 percent from previous

25X1

SECRET [REDACTED]

25X1

SECRET

25X1

Page 4

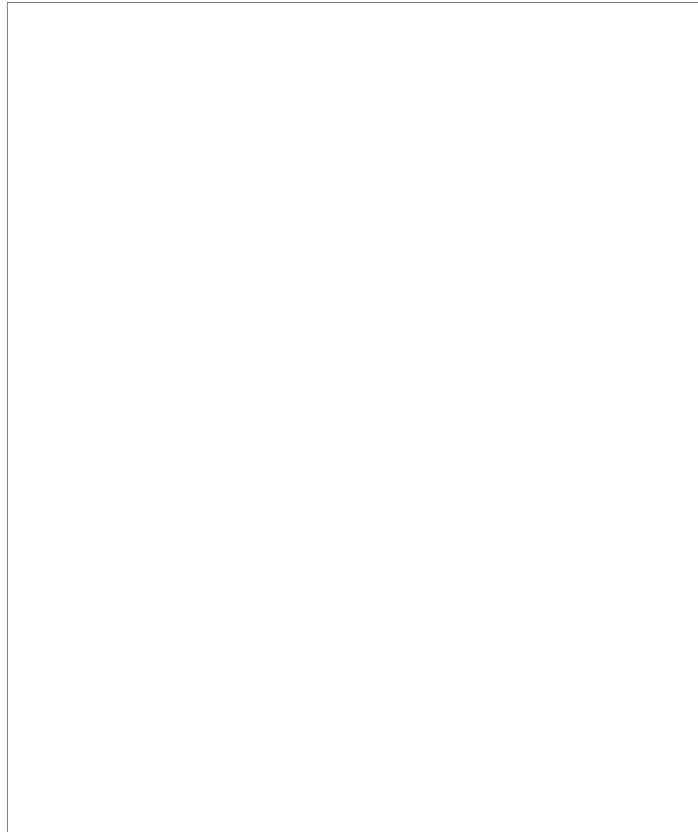
 25X1

5 (cont'd) list price was offered them on production from [REDACTED] and they purchased a sizable part of the backlogged production. [REDACTED] subsequently, the non-USIA AEG Union purchased regularly from the USIA plant. AEG [REDACTED] representatives, at one time, approached the Soviet director of the [REDACTED] plant to prevail upon USIA to sell or lease the plant back [REDACTED] the Soviet director did not mention this suggestion to his superiors.

25X1

6 Comment. [REDACTED]
deliveries and [REDACTED]
somewhat more detail [REDACTED]

25X1



25X1

SECRET